

AMENDED IN SENATE JULY 15, 2010

AMENDED IN SENATE JUNE 22, 2010

AMENDED IN ASSEMBLY APRIL 8, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2779

Introduced by Assembly Member Solorio

March 3, 2010

An act to add Section 5307.13 to the Labor Code, relating to workers' compensation, *and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2779, as amended, Solorio. Workers' compensation: compound medication.

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of his or her employment. Existing law requires the administrative director, on or before December 1, 2004, to adopt, after public hearings, a medical treatment utilization schedule, as specified.

This bill would provide that, until the administrative director adopts medical treatment utilization guidelines governing compound medication, a compound medication shall be covered only if there is prior authorization for it as medically necessary, as specified.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 5307.13 is added to the Labor Code, to read:

5307.13. (a) Until the administrative director adopts medical treatment utilization guidelines governing compound medication, a compound medication shall be covered only if there is prior authorization for it as medically necessary based on a determination of all of the following:

(1) All active ingredients in the compound medication are medications that have been approved by the federal Food and Drug Administration (FDA).

(2) The compound medication is not a copy or substitute for an available FDA-approved product.

(3) The safety and effectiveness of use of the compound medication for the prescribed indication is supported by FDA-approval or adequate medical and scientific research.

(4) FDA-approved alternatives to the compound medication have been tried with therapeutic failure or patient intolerance.

(b) The maximum allowance for the compound medication shall not exceed the sum of the amounts that would be allowed for the ingredient costs and dispensing fee under regulations adopted pursuant to Section 5307.1.

(c) No fee shall be allowed for any compound medication unless the initial billing for that compound medication includes all information necessary for calculation of the fee pursuant to this section and regulations adopted by the administrative director.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

Abusive billing practices for compounded drugs unreasonably inflate the cost of workers' compensation coverage for employers and insurers, and leave fewer dollars available for injured workers to receive in benefits. In order to stop these abusive practices at the earliest possible time, it is necessary for this act to take effect immediately.